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- Labor, Commerce, Research & Development
- Water, Energy & Environment
- Rules

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- Natural Resources, Ecology & Parks

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- Economic Development, Agriculture & Trade
- Financial Institutions & Insurance

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## 15th Legislative District Report on the 2006 Legislative Session

Dear Friends,

We went to the Capitol for the 2006 legislative session hoping to participate in **responsible decision-making**. With state revenues running *\$1.6 billion ahead* of expectations, we thought the Legislature might show some fiscal restraint while taking steps to avert a pension crisis like we've seen in the private sector and in other states. We were ready to pass measures to help the statewide economic recovery continue and provide meaningful solutions to lower the cost of health care. But the forward-thinking actions that would produce such far-reaching benefits didn't come this session, even though the legislation needed was right there waiting.

There were a few bright spots, the brightest being the new law on Columbia River Basin water management. It holds much promise for our district and all who depend on the Columbia and its tributaries. For the most part, however, the 2006 session was one of missed opportunities. It didn't take our state in the direction it needs to go but confirmed that **changes are needed if Washington is to get back on the right track.**

As we are out visiting around the 15th District this summer and fall **we would be delighted to meet and speak with you.** Be sure to contact us if you think we can help you with an issue or concern involving state government.

Sincerely,

Jim Honeyford  
State Senator

Bruce Chandler  
State Representative

Dan Newhouse  
State Representative

## Unsustainable budget includes record spending increase

If the 2005-07 budget for state government operations adopted last year was as good as its supporters claimed, then why rewrite it? What could have and should have been a traditional supplemental budget, adjusting for unanticipated costs like higher K-12 school enrollments, turned into a complete budget rewrite. Apparently that \$1.6 billion in unexpected revenue was too tempting, because the new budget burns through virtually all of it. Along the way, **last year's spending increase of 12 percent shot to 17 percent** for the biennium.

This budget could have covered the costs of the new sex offender

laws we passed and funding commitments made to teachers, family child care givers and individual home care givers without sinking more than \$900 million into unprotected spending accounts. In dollar terms the final 2005-07 budget represents a \$4 billion jump in spending from the Rossi-Locke budget of the previous biennium. It is the **largest spending increase in state history**.

There's just \$216 million left in the ending balance, which may sound like a lot but is less than 1 percent of the overall budget. We would have preferred a more responsible ending balance to deal with the gap between revenues and expenditures already being forecast for 2007-09.

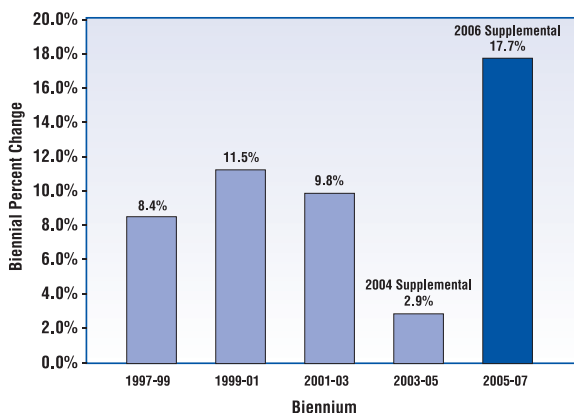
The biggest budget-related disappointment, other than the unsustainable spending level, was the Legislature's **failure to deal with the underfunding of the state pension system** when it had the money to do so. We know enough about pension troubles from



Sen. Honeyford answers a question during a news conference.

the private sector and other states that the choice is clear: get caught up now, or pay an even higher price later. Sadly, the decision to skip the 2005-07 pension payment puts taxpayers on the hook for an additional \$564 million in lost interest and investment gains over the next 25 years.

History of State Spending  
Near General Fund-State



## Water storage welcome, but more work needed

Those of us in the 15th District know very well that access to **water is key** to the success of our farmers, the viability of our cities and towns, and our ability to enjoy recreational opportunities, such as fishing, with our families.

This session the Legislature passed a bill that seals the deal on a water supply solution we've been seeking for a long time: the **construction of new storage facilities**. Two-thirds of the new storage

will go for out-of-stream users, and one-third for fish.

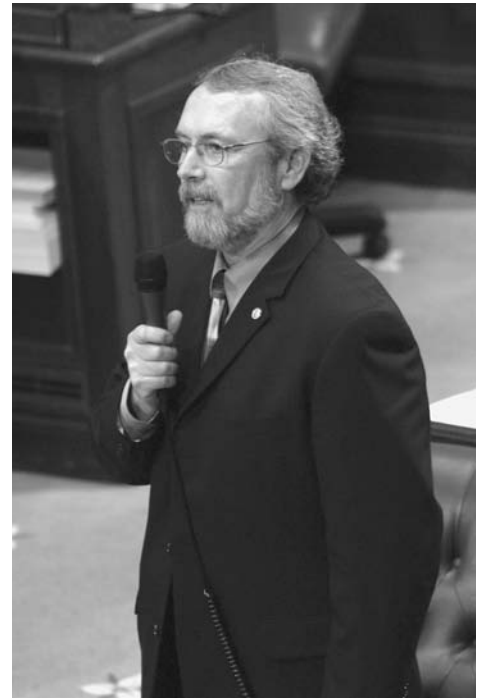
This agreement was not easily won. The three of us were in the thick of the negotiations, which ultimately produced two things: legislation that promises to serve the interests of cities, irrigators and fish and energy, and a commitment of \$220 million to back it all up.

Whether this year's water bill goes down as "historic" hinges on whether the Department of Ecology

and the governor will be faithful to not only the letter of the new law, but its spirit. If so, **the promise of real water storage for Eastern Washington** should be realized. But even so, it's important to acknowledge that we haven't yet solved all of our water problems, including the state's ongoing "use it or lose it" approach to water rights. We will continue to work on that and other water issues important to our future.

## Keeping our commitment to you

- ✓ **Reforming unemployment insurance.** We partially restored the reforms that were adopted in 2003 but repealed by the 2005 Legislature.
- ✓ **Removing regulatory burdens.** We helped negotiate a bipartisan agreement that allows Washington winemakers and brewers (many of whom have strong ties to the Yakima Valley) to continue to ship directly to retailers in a way that complies with a federal court ruling on distributing beer and wine from out-of-state producers. In addition we shepherded through legislation allowing Washington wineries to partner with local restaurants and hotels to market their products.
- ✓ **Cracking down on sex offenders.** We passed Attorney General Rob McKenna's bill to put sex offenders who molest children and vulnerable adults in prison for 25 years and establish tougher post-release registration requirements and supervision.
- ✓ **WASL remediation funding.** About \$40 million was budgeted to help students prepare for the WASL.
- ✓ **Fighting against methamphetamine.** We worked with the attorney general to pass legislation that imposes tougher sentencing; enhances authority and support for local law enforcement to inspect and shut down meth labs; and provides funding for treatment for persons addicted to meth.
- ✓ **State park day-use fee eliminated.** Families in Washington will again be able to enjoy our state parks, the most scenic in the nation, without paying a \$5 day-use fee.



*Rep. Newhouse serves on the House committee on economic development, agriculture and trade and is a leader on the House Capital Budget Committee*



*Rep. Chandler is a member of the House Appropriation Committee and the House committee on commerce and labor issues.*

## Missed opportunities to protect citizens

The Legislature missed a number of opportunities this year to implement real solutions on issues you have said are important to you. Here are a few:

- **Health care.** One of the biggest challenges small employers and citizens face today is finding an affordable health care policy. The Senate was able to amend and pass a bill this year that would have allowed people to purchase tailored, affordable plans within their price range, as well as provide tax incentives for small employers that provide health care coverage. Unfortunately, the House stripped the bill's amendments and turned it into a government subsidy for a handful of people, once again failing to fix our ailing health care system.
- **Property rights.** Republicans proposed several bills this year that look out for property owners, from the need to reform the Critical Area Ordinance process and the unelected Growth Management Hearing Boards to protecting against eminent domain abuses (such as the Kelo decision) and ensuring compensation when government deprives you of the use of your property. None passed, but these issues are clearly worth continuing the fight.
- **Rainy day fund.** It's simply too easy for government to grow, as well as spend surpluses. This year we proposed creating a constitutional "rainy day fund" that would require us to set aside 1 percent of our state revenue for emergencies, plus legislation that would create a constitutionally protected spending limit. Unfortunately these bills did not pass.



## Help for the agriculture industry...

The **high cost of fuel** is one of the most critical problems facing agriculture. That is why we helped pass House Bill 2424, which makes diesel fuel used by farmers for non-highway purposes **exempt from sales and use taxes**. The exemption also covers diesel fuel used for soil preparation services and crop cultivation and harvesting services, as well as aircraft fuel sold to a farm user.

Another important measure we supported this session is House Bill 2457, which **exempts replacement parts** for farm machinery and equipment from the sales and use tax. We believe this important tax relief bill will **help farmers make ends meet** in the extremely competitive global marketplace.

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